

811029

MINNESOTA'S HIGHWAY NEEDS FOR THE 1980s

(Report of the Governor's Task Force on
Highways for Economic Vitality)

Written by

James R. Heltzer
Member of the Governor's Task Force on
Highways for Economic Vitality
Director of Government Affairs
Dayton Hudson Corporation

Adopted in support of the Highways
for Economic Vitality Task Force Report
February 12, 1981

RECEIVED
CLARENCE

MINNESOTA'S HIGHWAY NEEDS FOR THE 1980s
(Report of the Governor's Task Force on
Highways for Economic Vitality)

We are all justifiably proud of Minnesota and the accomplishments of her people. We have a state that in many respects is a leader among the states of the nation. We have one of the highest qualities of life. We have built a society that places a high value on justice, on education, and on social services delivered with intelligent sensitivity. We have reason to take pride in the high quality of political leadership that has contributed so much to building and preserving the decent society that is every Minnesotan's heritage. The strength and vitality of Minnesota's economy, its ability to generate new jobs capable of paying fair wages, capable of maintaining stability of employment, capable even of generating tax revenues that are the price we pay for civilization. Minnesota's economy is the engine that powers our great society and makes many of the fine educational and social programs possible now and in the future.

When Governor Quie appointed the Task Force on Highways for Economic Vitality it became our responsibility to look at the state's highway system in order to determine its condition, its present and future contribution to a healthy and growing economy. We were not supposed to consider what would be politically feasible in formulating our recommendations and we didn't. We were concerned with the people's ability to earn a living now and in the future. We were concerned with our state's ability to solve this emerging and potentially devastating problem in a superior way so that we can maintain our competitive economic advantage over other states in our region to 1990 and beyond. It was not our concern to tell elected representatives how to allocate scarce resources between the needs of transportation, education, welfare, corrections, property tax relief, etc., rather we have tried to describe the highway problem as we found it. We have made recommendations which we believe are commensurate with the scale of the emerging problem. And what an enormous emerging problem it is! If we have enjoyed what has been done to the railroad system, we should love what is going to happen to the highway system, unless the Governor and the Legislature manifest the will and the courage to make the very hard policy decisions which the future of our economy and our people require.

We all understand that transportation is vital to our state's economy. Yet we have seen the transportation system shrink due to rail abandonments, deferred highway construction and maintenance. We accepted the proposition that it was inefficient for trains to make short hauls, that trucks should carry their freight and provide service to small towns and to our 104,000 farms. Since 1967, 1,652 miles of rail line has been abandoned with towns like Waconia, Redwood Falls, Lake Wilson, Barnum, Edgerton, and Lakefield being left without rail service. 1,693 miles are already proposed for abandonment, servicing such towns as Ortonville, Chanhassen, Montevideo, Renville, Bird Island, Glencoe, McGregor, and Remer. My quarrel is not with the policy decision made to constrict rail service as much as our apparent inability to prepare our only alternative transportation system to meet our needs. Such preparation is costly and we have already chosen to shift this transportation cost from the private to the public sector. The bill is due and growing.

The most important commodity movement in the State in terms of truck miles is that of agriculture and agribusiness. The transport of farm products, manufactured, processed foods and live animals, by truck, represent 35 percent of all truck miles in Minnesota.

As Minnesota's highway system deteriorates, so will her economy. Dairy farmers in central Minnesota find that they must contend with Highway 78 from Elbow Lake to Perham; Highway 61, in southeastern Minnesota, from Hastings to Le Center; and Highway 16 from Hokah to Grand Meadow. Farmers of corn and soybeans in southern and southwestern Minnesota see a bankrupt Milwaukee Road and deteriorating Highway 75 from Ortonville to Odessa; Highway 7 from Appleton to Montevideo; and Highway 212 and 169 from Granite Falls to Minneapolis-St. Paul. The Red River Valley sugar beet, potato, and small grain farmers are frustrated by Highway 59 from Thief River Falls to Erskine and Highways 1 and 75 between Alvarado and Donaldson and also Highways 220 and 11.

We have major terminal facilities at Duluth-Superior and in the Twin Cities. Farmers have to rely more and more on the highways to get their crops to these terminals. Trucks are carrying a larger share of total grain, hauled both in relative and absolute terms. In 1975, 26.7 percent of the grain showing up at Duluth came by truck, by 1979 it was 49.2 percent. Much of this grain comes by Highway 2. It is only partially a ten-ton highway along its route. 47.5 percent of the grain arriving at Minneapolis-St. Paul arrived in trucks in 1975, but by 1979, 76.2 percent arrived in trucks. It came on Highways 212, 169--13, and I-35, among others, all of which suffer from serious deterioration.

Paper production is important in north-central and northeast Minnesota. The movement of logs and forest products and manufactured paper products generated 105,500,000 truck miles in 1977. The value of harvested forest products came to \$659 million in 1977. When the value of secondary wood products manufactured in Minnesota is added, we are talking about a \$1.5 billion industry, an industry that moves its products on roads built in the 1930's, with design standards that are wholly inadequate. Eighty thousand pound loads destroy roads, such as Highways 71 and 53 from International Falls. Yet our forest product industry must compete with Wisconsin where weight limits are 80,000 pounds and even Ontario where the limits are 135,000 pounds. New wood processing plants at Bemidji, Cloquet, Cook, Grand Rapids, and Sartell will exacerbate the transportation problems for the highways and roads in their areas.

I would be remiss if I didn't point out that after agriculture and agribusiness, the state's retail/wholesale activity generated the second highest number of truck miles for products carried. This industry is heavily dependent on trucks to carry their products over state highways. Retail goods, most of which are shipped by truck, must be distributed statewide to 46,400 businesses employing 383,500 people.

Manufacturing is also heavily dependent on trucking to carry products. There are 6,054 manufacturing concerns located throughout the state. Many of these are in places outside the Twin Cities and are particularly dependent on the highway system.

Eighty-eight percent of Minnesota's millions of tourists use their automobiles to reach vacation spots. The very survival of the tourism and travel industries depends upon our highway system. This industry now earns \$2 billion a year, goes all year round, impacting not only resorts but hotels, motels, filling stations, conventions, etc.

Finally, Twin Cities manufacturing and commerce depend heavily on the interstate system. It would be very unfortunate if we failed to provide the 10 percent matching money, to the federal government's 90 percent investment, to finish as much of the remaining six percent of the system, that stands unfinished today, as possible.

As I mentioned, the destruction of the nation's highway system is an emerging problem of enormous proportion. Each state has an opportunity to make its contribution to the solution of the problem in a way that can either put them at a competitive advantage or disadvantage. For Minnesota to improve or even sustain our relative economic position by 1990 or 2000 we must have leadership now. That leadership can only come from the Governor and the Legislature. In the case of any emerging problem, the leadership will always be able to see and understand the problem before the general public. It is up to leaders to lead, to educate, and to act. How well the leaders in each state do this will determine Minnesota's competitive standing in the future. Our economic strength determines our ability to support education, services to the less privileged, the elderly, etc. Our future quality of life is at stake.

Because our Task Force feels so deeply that a serious and growing problem in transportation exists, we have made the following recommendations to the Governor for action by him and for action by the Legislature.

1. We recognize that highways are happy ways when they lead the way to home. We also understand that when they must be repaired through the use of additional gas taxes, happiness begins to wane. Nevertheless, the Task Force recommends an additional 2c per gallon gas tax each year for five years or 10c more in addition to our current state gas tax of 11c. This would provide an additional \$118 million for maintenance of the system.
2. The Task Force recommends that license fees be raised so that revenue from this source would be doubled. This would make an additional \$249.6 million available for maintenance during the 1982-83 biennium. The increases in license fees and proposed gas tax together total \$360 million, for the 1982-83 biennium, just to preserve the existing system.
3. It would be extremely unfair if we continue to permit the motor vehicle licensing structure to subsidize the trucking industry at the expense of the motorist. Revenues from this source now come two-thirds from automobiles and one-third from trucks. These monies go for maintenance and repair. It is heavier and heavier trucks that damage the highways, not automobiles. As

trucks have grown larger and heavier, cars have become smaller and lighter. A report of the Comptroller General to the Congress on July 16, 1979, said, "A five-axle tractor-trailer, loaded to the current 80,000 pound Federal weight limit, has the same impact on an interstate highway as at least 9,600 automobiles." In addition, the total vehicle miles traveled for five-axle semi-trucks has increased 45 percent between 1975 and 1979 in Minnesota, while automobile vehicle miles have increased only 12 percent over the same time period. Further, the number of truck registrations increased between 1969-1980 by 118.2 percent compared to a 34.8 percent increase in automobile registrations. The Task Force attached an example of equitable changes in the vehicle license structure, they believed to be reasonable, to their report.

4. The Task Force does not believe a need exists to build new highways. However, they do believe that a need exists to make certain expensive capital improvements to the highway system. These improvements would have a life of twenty years or more and should be paid for out of bond monies.

Such improvements would include:

- a. Completion of the interstate highway system
- b. Bridge replacement
- c. Completion of major highway construction projects
- d. Completion of by-pass and major highway access projects of economic significance.

The Task Force recommends sale of bonds for the 1982-83 biennium totaling \$240 million. Their 1984-85 biennium recommendation is \$297 million. The 1986-87 biennium would require \$343 million.

The Task Force also concludes the pay-back or amortization for these bonds should not be a burden on the general fund. The 1982-83 general obligation bonds could be amortized by use of an additional excise tax on the sale of motor vehicles. While I understand that there are those who would like to be able to reach into the general fund for these monies, we know that the fund is currently distressed. Further, I believe that the fund should be reserved for the support of education, assistance to the elderly, property tax relief, local aids, etc., without having the additional burden of highway construction thrust upon it. In addition, the income tax is the mainstay of the general fund. As that fund is over-taxed so are we all. Minnesota's income tax is already one of the nation's highest and it would be inconsistent to exacerbate that serious economic disincentive in order to try to solve another economic problem.

Finally, we in Minnesota have historically, with few exceptions, paid for our highway system out of user fees. We should continue to do so.

5. The Task Force recommends that a reworded Constitutional Amendment be resubmitted to the voters in order to remove the current limits on the use of Trunk Highway bonds for improvements to the Trunk Highway System.
6. The Task Force recommends that the Governor and the Legislature create an economic development plan, within which expenditures for the highway system can be planned as a strategy to implement state economic goals.
7. The Task Force calls for the preservation of a basic rail system for the efficient movement of bulk commodities over long distances. The Task Force also called for attention to the state's ports and waterways.
8. The Task Force recognizes that the construction of costly by-passes and accesses to properties abutting highways or interchanges is a serious economic problem for communities and the state. The Task Force recommends that a system be established, where practical, whereby the state pay half the costs and the local community pay half the costs. The local community would recover its costs by assessing benefited properties.
9. The Task Force recommends that the Governor and the Legislature adopt a process to reduce the lead time for major highway projects to three years from inception to time of initial investment. The process for obtaining environmental permits from state agencies should be streamlined.
10. The Task Force recommends that roadways and bridges of primarily local, not state, economic significance should be supported by local dollars. In some cases, the possibility of abandonment should be seriously considered.
11. The Task Force recommends that a study be made of existing jurisdictional arrangements and Constitutional formulas. The desirability of having such arrangements and formulas put into statute form and removed from the State Constitution should be reviewed carefully.
12. The Task Force recommends that the Trunk Highway system should be reduced by between 5 percent and 10 percent.
13. The Task Force recommends that the interstate system be completed.
14. The Task Force recommends that to the degree economically possible the State maintain a basic highway system of ten-ton routes. The Task Force further recommends that alternatives be considered to augment the ten-ton system and that such alternatives include allowing trucks to legally add an axle.

15. The Task Force recommends that the Department of Transportation biennially report to the Legislature the highway system's capital improvement needs for the next ten years. The Legislature could decide the amount of funding that could be authorized for the next two years, take action on future program levels and be free to challenge MN DOT's priorities as to what gets built and in what order.
16. The Task Force commends MN DOT on its efforts to improve overall efficiency of its personnel and supported similar future efforts.
17. The Task Force supports the continued refinement of the highway programming process by MN DOT.

As difficult a task as we had in making this analysis and these recommendations, the Governor and the Legislature's is far more difficult. They must make the tough decisions and bold policies that will lead our state and its people through the decade of the 80's and beyond. I understand that the road to hell is paved with good intentions. It too relies on a user tax. Unfortunately good intentions alone won't solve our problems. Only leadership and cold cash will do that.

VEHICLE LICENSE FEE CHANGES
AN EXAMPLE

	Present Revenue \$ Million (%)	Increase \$ Million	Proposed Revenue \$ Million (%)
1. Auto's	\$79.1 (64.0)	\$6.9	\$86.0 (38.2)
2. Pickups & Vans (Y,R,YW) 9000# G.W. or less - Use Auto Schedule: ad valorem	\$11.2 (9.1)	\$6.9	\$18.1 (8.0)
3. Urban Trucks (U) - same as other trucks	\$ 0.8 (0.6)	\$2.6	\$3.4 (1.5)
4. Farms Trucks (T) - Eliminate Farm Discount over 45,000# G.W.; Farm discount at 50% trucks	\$ 3.6 (2.9)	\$6.9	\$10.5 (4.7)
5. Old Trucks (U,T,Y, PR, PP, RV) - Same rate as new trucks	- -	\$12.5	\$12.5 (5.6)
6. Trucks (Y,T,U)	\$11.0 (8.9)	\$40.6	\$51.6 (22.9)
7. Mn Prorate Trucks (PR)	\$10.0 (8.1)	\$14.9	\$24.9 (11.1)
8. Foreign Prorate Trucks (PP)	\$ 4.2 (3.4)	\$ 6.2	\$10.4 (4.6)
9. Recreational Vehicles (RV) - same as trucks	\$ 0.4 (0.3)	\$ 1.0	\$ 1.4 (0.6)
10. Truck Trailers	\$ 0.2 (0.2)	\$ 2.2	\$ 2.4 (1.1)
11. Other Trailers (Z,HZ)	\$ 2.0 (1.6)	-	2.0 (0.9)
12. Commercial Bus	\$0.13 (0.1)	\$ 0.13	\$0.26 (0.1)
13. School Bus	\$0.11 (0.1)	-	\$0.11 (0.0)
14. Motorcycle, Mopeds	\$0.8 (0.6)	\$ 0.8	\$1.6 (0.7)
15. Other (classic, etc.)	\$0.06 (0.0)	-	\$0.06 (0.0)
TOTALS	\$123.6 (100.0)	\$101.6	\$225.2 (100.0)
Summary			
Autos	\$79.1 (64.0)		\$104.1 (46.2)
Trucks	\$41.4 (33.5)		\$117.1 (52.1)
Other	\$ 3.1 (7.5)		\$ 4.0 (1.7)